

Exhibit A

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Argentina Moves to Pay Exchange Bondholders In Argentina

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By KEN PARKS And TAOS TURNER [CONNECT](#)

Updated Aug. 20, 2014 12:11 a.m. ET

BUENOS AIRES—Three weeks after defaulting on its debt, Argentina moved to circumvent a U.S. court order by offering a bond swap that would let it pay bondholders in Argentina instead of in the U.S.

In a late night speech, President [Cristina Kirchner](#) said she would seek congressional approval to make payments on foreign bonds here instead of in the U.S., where a court last month blocked a bid by Argentina to pay its bondholders.

The offer would allow bondholders to swap bonds issued under foreign law for bonds issued under Argentine law, according to a copy of the bill submitted to Congress.

"This is an option bondholders have. It's not an obligation because we can't impose obligations on them according to our contracts. Our contractual obligation is to always guarantee that they can collect," Mrs. Kirchner said.

If approved by Congress, the government would deposit payments on the new Argentine bonds in an account at the central bank. The government would also replace the current bond trustee, Bank of New York Mellon Corp. [\[BK +0.23%\]](#), with state-run bank Banco de la Nacion or a trustee approved by bondholders, Mrs. Kirchner said.

Still, it may not be easy to successfully carry out the exchange. For one thing, it is unclear how many bondholders would or could accept a swap that changes the bonds' legal jurisdiction, said economist Luis Secco of [Perspectiv@s Economicas](#), a consulting firm. It also may not be that easy to replace Bank of New York.

"It's very difficult to do this without the collaboration of the Bank of New York because of all the information and obligations it has as the trustee," said Mr. Secco. If the bank helped Argentina, it could potentially be declared in contempt of court because it would be aiding the country's effort to evade a court order, he said.

By sending a bill to Congress for its approval, Mrs. Kirchner may be putting opposition politicians and some of her toughest critics in a bind. Voting for the bill would essentially be a vote in favor of disobeying a U.S. court order, noted Mr. Secco. Yet the investors who sued Argentina in the U.S., whom Mrs. Kirchner calls vulture funds, are highly unpopular in Argentina and any vote against the bill would quickly be deemed a vote in favor of the vulture funds.

Argentina defaulted last month after investors didn't receive \$539 million in interest payments due on July 30. Argentina deposited the money on time, but U.S. District Judge Thomas Griesa blocked its distribution to bondholders because Argentina ignored his ruling to pay a small group of hedge funds that sued to collect on debt the country repudiated 13 years ago. The default in July could eventually affect almost \$29 billion in Argentine debt issued overseas.

Last month's default stems from Argentina's decision to repudiate about \$100 billion in debt during a deep economic crisis in 2001. Investors eventually exchanged almost 93% of their defaulted bonds for new securities in heavily discounted restructurings in 2005 and 2010 that gave them around 33 cents on the dollar.

But creditors led by Elliott Management Corp.'s NML Capital Ltd. and Aurelius Capital Management LP held out for a better deal and sued for full payment. NML and Aurelius have won about \$1.6 billion after years of litigation.

The plan to pay the bondholders in Argentina could be taken as evidence the country has no interest in obeying Judge Griesa's order and it could lead the judge to declare Argentina in contempt of court, said Mr. Secco. Argentina has said it cannot obey the order because doing so could spark demands from other bondholders for similar treatment, potentially putting the government on the hook for around \$120 billion.

"After this, it will be very difficult for Argentina to issue debt again in the U.S.," said Mr. Secco. "Even if another government comes in and remediates this and Argentina reaches a deal with the holdouts, a couple of years may go by before Argentina can issue debt again in another jurisdiction without it being very expensive."

Last month's default has at times seemed to overwhelm some officials in the Kirchner administration. Top officials, led by Mrs. Kirchner herself, have lashed out repeatedly at the U.S. court system and the vulture funds that sued it. All the while, administration officials have denied the country defaulted at all. Officials have also denied predictions from economists that the default will significantly affect the economy.

Even so, with the economy in recession, unemployment on the rise and annual inflation thought to total around 40%, the president seemed a bit rattled.

"I'm a little nervous, forgive me," she said. "I really feel like we're living a moment in which Argentina is being treated very unjustly."

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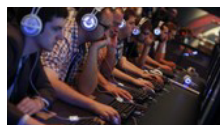
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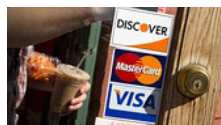
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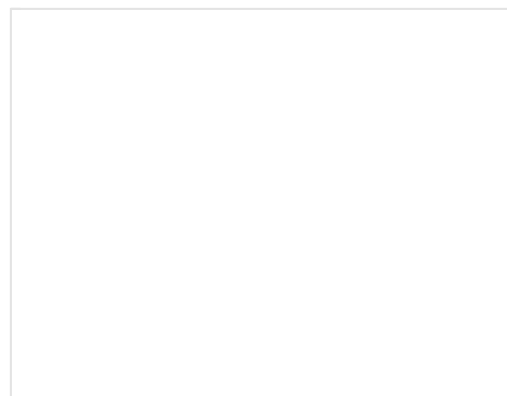
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